



THE PROPERTY OF THE PROPERTY O

2000 GET -2 P 1:00

AZ COPP OMFARISSION PROPERTY CONTROL

Arizona Corporation Commission

DOCKETED

OCT 0 2 2000

DOCKETED BY

September 28, 2000

Arizona Corporation Commission Docket Control 1200 W. Washington Street Phoenix, AZ 85007-2927 Attn.: Clerk, Docket Control

Re. Docket # T-03882A-00-0356

C.C.: Marta Kalleberg

Dear Clerk,

The following information is in response to Marta Kalleberg's letter of June 12, 2000 (copy enclosed):

- A. Balance sheet (see attachment #1)
- B. Pro forma financial statements for next two years (see attachment #2)
- C. Five year business plan: Due to the vagaries of the industry, Enkido is unable, at this time, to make a five year projection. However, attached is Enkido's Two Year Revenue Forecast (see attachment #3)
- D. Plans to provide funding for operations in the State of AZ: Attached Financial Statement illustrates that Enkido has sufficient revenue necessary for our project. An additional source of funding is customer revenues. (see attachment #4)
- E. Regarding the inclusion of "business customers throughout the state of <u>Massachusetts"</u>: please replace the word "Massachusetts" with "Arizona".
- F. Detailed description of equipment for fiber infrastructure (see attachment #5)
- G. Enkido's customers will **not** be required to pay advances, prepayments, or deposits.
- H. Enkido's customer service # is 877-4-ENKIDO.
- I. Insofar as Enkido provides data services only, no alternate service is accessible. However, 24 hour customer service is available at **877-4-ENKIDO**.
- J. Companies whose services Enkido intends to resell: Sprint; GTE; MCI; US West;

401 Hackensack Avenue, 5th Floor Hackensack, NJ 07601 Tel 201 487-7979 Fax 201 487-2865

#### Time Warner Telecom; Metromedia Fiber Network.

- K. States in which Enkido has applied for authorization to provide telecommunications services and services applied for (see attachment # 6)
- L. To date, Enkido has no interconnection agreements.
- M. States in which Enkido currently offers telecommunications services:

  Enkido is presently offering services within the states of California, New York,
  Virginia, Illinois, Washington, and in the District of Columbia.
- N. Petition for competitive classification (see attachment #7)

The following information is in response to Marta Kalleberg's letter of Sept. 12, 2000: (copy enclosed)

- A. The value of all plant and equipment currently held, intended for use in providing services to Arizona customers: None. At present we have no immediate plans to provide services in Arizona.
- B. Description of each asset detailed in A: None.
- C. Projected value of all plant and equipment at the time Company begins serving its first customer in Arizona:

Routers - \$120,000 - 500,000 Switches " "

Muxes - \$15,000 - 900,000

**Dark Fiber** - \$2,000 - 10,000 per strand mile

- D. Description of each asset in C., its cost and location: Routers, Switches, Muxes, and Dark Fiber will be obtained at a later date. Therefore, no cost and/or location can be assigned to these assets.
- E. Relationship of plant and equipment to Company's proposed rates: **Prices of equipment and installation of such will greatly influence rates.**

Please contact the undersigned if you have any questions and/or comments.

Respectfully submitted,

i.M. Alintoval

Ali Aliabadi

Director of Licensing

AA/lm

**Balance Sheet** 



## **Balance Sheet**

Being Audited by Ernst & Young Partner, Ronald W. Lahr (732) 516-4799 Six months ended June 30,2000 and the Period from the Date of Inception through December 31, 1999

	June 30, 2000	I	December 31, 1999
Assets			
Current assets:			
Cash	\$ 159,948	\$	103,072
Restricted Cash	\$ 50,000	\$	50,000
Accounts receivable, net of allowance of \$0	\$ 6,844,045		
Deferred Expenses	\$ 8,695,000		
Other asset	\$ 10,879	\$	8,775
Total current assets	\$ 15,759,872	\$	161,847
Property and equipment, net	\$ 1,132,054	\$	1,090,106
Long-term asset receivable	\$ 76,638,000		
Total assets	\$ 93,529,926	\$	1,251,953
Liabilities and shareholders' equity Current liabilities:			
Accounts payable	\$ 141,530	\$	12,881
Accrued liabilities	\$ 383,946	\$	235,778
Contracts payble	\$ 207,096		
Income taxes payable		\$	-
Total current liabilities	\$ 732,572	\$	248,659
Long Term Liabilities			
Long term contracts payable	\$ 17,737,891	\$	-
Defered revenue	\$ 71,565,273	\$	-
Total long term liabilities	\$ 89,303,164	\$	<del>-</del>
Shareholders' equity:			
Common Stock	\$ 50,000	\$	50,000
Additional paid-in capital	\$ 2,286,391	\$	1,623,963
Retained earnings	\$ 1,157,799	\$	(670,669)
Total shareholders' equity	\$ 3,494,190	\$	1,003,294
Total liabilities and shareholders' equity	\$ 93,529,926	\$	1,251,953

## **Projected Financial Statements**



## Statement of Earnings

Being Audited by Ernst & Young Partner, Ronald W. Lahr (732) 516-4799 Six months ended June 30,2000 and the Period from the Date of Inception through December 31, 1999

	June 30, 2000	December 31, 1999
Revenue		
Contract Revenue	\$ 3,698,175	
Other Revenue		\$ 211
	\$ 3,698,175	\$ 211
Cost of services		
Cost of services	\$ 1,120,035	
Gross profit	\$ 2,578,140	\$ 211
Operating expense		
General and administrative	\$ 260,725	\$ 316,118
Payroll expense	\$ 324,601	\$ 268,416
Rent expense	\$ 71,100	\$ 44,900
Depreciation expense	\$ 94,029	\$ 41,527
Total operating expenses	\$ 750,455	\$ 670,961
Income from operations	\$ 1,827,685	\$ (670,750)
Interest and other		
Interest income	\$ 1,285	\$ 81
Interest expense	\$ (502)	
Net income	\$ 1,828,468	\$ (670,669)

**Two Year Revenue Forecast** 

# Enkido Confidential Don't Forward, Copy or Printl

# Enkido Revenue Forecast

	, , , , , , , , , , , , , , , , , , ,	င္တ	78545 <u>8</u>	T Q B Q ≥ ≥ or	ដូលដូលទុខទ	ZOEGE Z	Ġ	H G	A Z Q	골
VideoConfer.	Consumer  VolP  Subscribers / city VolP Additional Revenue  Total	Commercial Total	Number of Connections Number of Connections per city Total Number of Connections Ave. Connection Qtrly Revenue/Connection Total	Fortune-1000  Number of Customer Sites Ave. Connection GB/Site/mo. Revenue/GB Qtrly Additional Revenue Total	Fortune-100  Number of Customer Sites Ave. Connection GB/Site/mo. Revenue/GB Qtrly Additional Revenue Total	Commercial Video Services Number of Customer Sites Ave. Connection GB/Site/mo. Revenue/GB Qtrly Additional Revenue Total		GB/ site per month Revenue per site/qtr	Gov't Number of Customer sites Ave. Site Connection	Number of Citles
	s / city onal Rev	otal	tions Connectic r of Conr tion le/Conne	ustomer tion nal Reve	iustomer ition } nal Reve	al ss hustomer hion nal Reve		month site/qtr	ustomer <i>mection</i>	Citles
	/enue		ons per nections	Sites	Sites	Sites			sites	
₩	<del>€</del>		city							
14,400.00	129,600.00									
	\$ \$	€9	& &	49 49 49	& & &	<b>↔ ↔</b>	6	9 69	<u> </u>	+
			0.1.	Ď	Ö	Q			00-48	
	75 31,500 31,500	317,630	3 10 DS-3 7,500 75,000	7 DS-3 400 3.50 47,880 47,880	5 DS-3 3,000 3.50 94,500 94,500	4 DS-3 5,000 3.00 100,250 100,250	240,000	3,000		7
↔	<del>88</del>	30 \$	<del>%</del> <del>%</del>	400 3.50 \$,880 \$	3,000 5 3,500 5 4,500 5 5	5,000 3.000 \$ \$ \$	6		4	
			42 DS-3	DS-3	DS-3	DS-3		1	0 14 8	14 02
100,800	75 122,000 150,350	923,964	6,200 335,400	10 400 3.50 68,400 115,083	11 2,000 3.50 138,600 230,738	-3 6,000 3.00 145,000 242,744	300,000	6,025		
€9	क्ष क	49	€9 €9	49 49 49	क क क	60 60 60 FE	6			怙
201,600	100 350,000 485,315	2,296,283	5 75 DS-3 6,500 822,900	21 DS-3 375 3.50 140,333 252,538	28 DS-3 3,000 3.50 529,200 754,169	DS-3 7 230 466	900		J)	2 8
<del>\$</del>	<del></del>	283	9 6,500 \$	21 375 3.50 \$ 3,333 \$	28 3,000 3,500 \$529,200 \$754,169 \$	6 7,000 3,00 \$230,000 \$466,675 \$	\$	_ 1	 C	
	ز می		0	D <sub>G</sub>	-				OC-48	
453,600	250 845,000 1,281,784	3,571,656	2 40 )C-3 12,035 1,304,300	37 3-3 425 3.50 258,908 505,132	42 )S-3 1,500 3.50 396,900	4 OC-3 7,000 2.80 175,000 630,008	2,960,000	4,025 120,000	_	<b>Q</b> 4
€9	<b>€</b> €	49	<del>ω ω</del>	φ φ φ	φ <del>φ</del> φ	& & &	9		10 OC-48	H
648,	40 1,560,000 2,713,605	4,306,628	1 40 OC-3 12,000 1,784,300	DS-3 42 534	OC-3	OC-3 1 265 879	ŧ	1	<b>.</b>	<b>Q5</b>
648,000   \$	\$ \$ \$	628 \$	0 12,000 \$ 784,300 \$	3.50 42,120 534,624 \$	3 200 4.20 4,536 \$,108,445	C-3 1,000 2,80 \$ 265,000 \$ 879,258		800 120,000 \$	4_	Ш
			0				6	9	00,48	
820,800	50 1,860,000 4,302,245	5,272,929	1 40 OC-3 13,050 2,306,300	8 DS-3 150 3.50 42,120 563,379	4 OC-3 1,000 4.20 30,240 1,110,974	1 OC-12 2,000 2.50 435,000 1,292,277	400,000	120,000		<b>''' 26</b> 46
	\$ \$	29	8 5 <b>\$ \$</b>	150 3.50 \$ 2,120 \$	1,000 4,20 \$ 5,240 \$	2,000 2,000 5,000 \$	6	8 8	4	H
	စ္ ယ	6	40 OC-3 2,83	DS-3	00-3	OC-12 69 1,95			OC-48	<b>Q</b> 7
993,600	60 3,125,000 6,997,020	6,479,249	1 40 )C-3 13,250 2,836,300	3 250 3.50 17,685 566,979	5 C-3 1,000 4.20 37,800 1,121,000	2 3,000 2,40 695,000	000,000	120,000	<b>-</b>	<b>07</b> 55
€9		9 69	<del>ο, ο</del>	64 64 64 64 64 64 64 64 64 64 64 64 64 64 64 64 6	φ <del>φ</del>	φ <del>φ</del> φ	55 6	· <del>·</del>	5 00:48	
1,18	5,92 12,22	8,703,735	1 55 OC-12 24,260	DS-3 4 59	OC-3	D1 72 2,63	2,28	]	w	<b>Q8</b> 64
1,188,000	70 5,925,000 12,222,318	3,735	55 5-12 26,000 4,266,300	8 250 3.50 47,160 599,965	15 C-3 -1,000 4.20 113,400 113,400	1 3,500 2.00 725,000 2,631,095	2,280,000	1,000	<u>6</u>	

			<del> </del>						_						le <sup>1</sup>		
International  Number of International Cities	Carrier Total	Total Local Loop	Number of VoIP Reseller VoIP revenue per resellser Wholesale VoIP new Revenue	Collocation bay monthly Price Collocation Revenue	Collocation Customers	Number of IP LL Circuits Ave. Connection - OCx IP Circuit Monthly Price IP LL new Revenue	Number of Gig E. Circuits Gig E. Monthly Price Gig E. new Revenue	Local Loop  Number of BW Circuits Ave. Connection - OCx BW Circuit Monthly Price BW LL new Revenue	Monthly Additional Revenue (Colloc., etc.) Total Long Haul	Number of IP Circuits Ave. IP Connection - OCx DS0-mi/mo. Monthly new IP Revenue	Monthly new BW Revenue	Long Haul  Number of BW Circuits  Ave. BW Connection - OCx  Ave. Distance - mi.  DS0-mi/mo.	Collocation/site/mo.	Carrier Services	Consumer Total	Internet Ave. Connection Monthly Fee Total	Video Archival
ö			Tue	ïĊ <del>0</del>	į				ie (Colloc., etc.)			, <b>x</b>				<b>⇔</b>	\$ 10,080.00
***************************************	<b>9</b>	<del>()</del>	<b>⇔</b> ↔	မာမ	э <b>4</b> 9	<del>•</del> • •	<b>€9</b> €9	<b>&amp;</b> &	ωω		Cancer		69		S	256 Kbps \$	
	280,570	20,650	150 150	. 60		16,000 64,000	1,500 4,500	8,000 16,000	6,000 259,920	\$0.060 \$40,320	\$40,320	1,000 \$0.015	1,500		31,500	40	
	\$ 842	<b>\$</b> 56	es es	€9	€	\$ \$ 40	\$ 75 2	<b>ક્ક ક</b> સ સુદ્	\$ 12 \$ 786	\$ \$0 \$93	\$69 \$69	\$0000000000000000000000000000000000000			\$ 293	<b>49</b>	\$ 70
4	842,584	56,050	150	•	'	2 2 10,050 40,200	750.00 2,250	3 5,500 33,000	12,000 786,534	2 1 \$0.058 \$93,865	673	3 1,200 \$0.014			293,360	30 90	70,560
	\$ 1,514,553	\$ 85,270	<b>⇔</b> ↔	€9	<del>69</del>	2 2 8 8,600 \$ 34,400	2 \$ 720.00 \$ 6,570	3 \$ 2,500 \$ 22,500	\$ 19,000 \$ 1,429,283	2 1 \$0.056 \$98,636	\$40,320 \$69,673 \$96,613	4 1,300 \$0.014			\$ 692,720	<b>↔ ↔</b>	\$ 141,120
10	553 \$ \$	270   \$	150 1	<del>'</del>	· 	8,600 8,400 8	2 720.00 6,570 \$		283 	056 - 2	613	1,300	······································		720 \$	- 300 - \$	120
14	<b>3,724,983</b> 6,362,689	121,534	200 2	1,800	<u></u>	3 9,000 54,000	691.20 14,864	4 3 1,600 \$ 19,200	6,240 3,603,448	3 2 \$0.055 \$397,429	\$321,053	4 1,800 \$0.013			1,510,280 2,527,860	300	211,680
18	\$ 3,849,132	\$ 139,549	\$ 200 \$ 200	<del>υ</del>	<del>69</del>	1 \$ 6,525 \$ 6,525	\$ 663.55 \$ 16,855	\$ 960 \$ 960	\$ 13,250 \$ 3,709,583	1 1 1 \$0.053 \$17,848	\$4,281	1 1 500 \$0.013			\$ 2,510,400	\$ 20 - 40	\$ 302,400   \$
20	\$ 4,006,636	\$ 159,077	\$ 240 \$ 240	•	<b>↔</b>	5,500 \$ 5,500	\$ 637.01 \$ 18,766	\$ 521 521	\$ 22,000 \$ 3,847,559	1 1 \$0.052 \$19,390	\$4,603	1 1 560 \$0.012			\$ 3,063,840	25 \$ 40	\$ 383,040 \$
25	\$ 4,174,341	\$ 180,125	\$ 200 \$ 200	<del>(5)</del>	€9	\$ 4,500 \$ 9,000	\$ 611.53 \$ 20,601	\$ 248 248	\$ 24,000 \$ 3,994,216	\$0.050 \$20,151	\$4,734	1 1 600 \$0.012			\$ 4,582,280	- 55 - 55 - 55	\$ 463,680   \$
25	\$ 4,303,848 \$ 16,333,957	\$ 204,612	\$ 206 \$ 206	<b>.</b>	<b>.</b>	\$ 5,000 \$ 5,000	\$ 587.07 \$ 24,123	\$ \$ 5 8 1 8 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	\$ 6,900 \$ 4,099,236	\$0.048 \$22,805	\$5,302	1 1 700 \$0.011			\$ 7,667,400 \$ 17,823,920	\$ 50 \$ -	\$ 554,400

Grand Total		International Total	Total	Revenue/GB	GB/Site/mo.	Ave. Connection	Numberof Customer Sites	Video Services	Total	Revenue/GB	GB/Site/mo.	Ave. Connection	Commercial Numberof Customer Sites	VoIP # of Subscribers VoIP
														€9
														1,125,000
\$		↔	G	ક્ક		DS-3			€9			DS-3		€9
869														
,700		•		10.00	1,500				•	12.00	400		1	•
\$ 2		69	₩	s		DS-3			↔			DS-3		€9
,785,3		165,480	45,0	10.00	<u>,,,</u>				60,	12	<b></b>			100 60,000
\$ 88		\$	\$		8	Ď	N	***	60,480 \$	8	<u>ö</u>	<u></u>	4	900 \$
6,00		ćn.	_			DS-3			_			DS-3		N
3,063		539,508	87,500	10.00	2,500		ري ن		127,008	12.00	780		o o	150 225,000
\$ 11	↔	ક	49	€9		DS-3			€9			DS-3		49
,223,418	1,921,488	1,216,500	262,500		3,500		O1		324,000	12.00	800		5	300 630,000
\$ 11,		\$	49	<del>(A)</del>		DS-3		٠	49			DS-3		₩
204,300		58,140	36,000	10.00 \$	800		ယ		8,640	8.00	300		<u>.</u>	5 13,500
\$ 1		€9	49	₩		DS-3			49			DS-3		↔
2,916,045	:	92,640	27,000	10.00	900		N		8,640	12.00	200		_	19 57,000
\$		49	69			ဝင္မ	•		€9			DS-3		€9
869,700   \$ 2,785,388   \$ 6,003,063   \$ 11,223,418   \$ 11,204,300   \$ 12,916,045   \$ 15,902,320   \$ 21,535,023		66,450	40,500 \$	9.00	1,000		သ		7,200   \$	8.00	200		<u> </u>	5 18,750
\$	€9	49	€9	69		00-3			49	•		DS-3		€9
21,535,023	357,270	140,040	56,700	9.00	1,400		သ		15,840	8.00	250		N	18 67,500

↔

20,881,570

61,557,688

Revenue

Page 3

Page 3

## **Financial Statement**



#### **Balance Sheet**

Being Audited by Ernst & Young Partner, Ronald W. Lahr (732) 516-4799 Six months ended June 30,2000

	June 30, 2000
Assets	
Current assets:	
Cash	\$ 159,948
Restricted Cash	\$ 50,000
Accounts receivable, net of allowance of \$0	\$ 6,844,045
Deferred Expenses	\$ 8,695,000
Other asset	\$ 10,879
Total current assets	\$ 15,759,872
Property and equipment, net	\$ 1,132,054
Long-term asset receivable	\$ 76,638,000
Total assets	\$ 93,529,926
Liabilities and shareholders' equity	
Current liabilities:	
Accounts payable	\$ 141,530
Accrued liabilities	\$ 383,946
Contracts payble	\$ 207,096
Income taxes payable	 
Total current liabilities	\$ 732,572
Long Term Liabilities	
Long term contracts payable	\$ 17,737,891
Defered revenue	\$ 71,565,273
Total long term contract	\$ 89,303,164
Shareholders' equity:	
Common Stock	\$ 50,000
Additional paid-in capital	\$ 2,286,391
Retained earnings	\$ 1,157,799
Total shareholders' equity	\$ 3,494,190
Total liabilities and shareholders' equity	\$ 93,529,926

Enkido provides bandwidth connectivity which is usually in two forms: SONET (Synchronous Optical Network) and DWDM (Dense Wavelength Division Multiplexing) both within the metropolitan areas (local loop) and between cities (long-haul) and we provide collocation space for telco equipment. Enkido uses several data transmission technologies such as Asynchronous Transfer Mode (ATM) - both private and switched, Routing, Ethernet, Fast Ethernet, Gigabit Ethernet, Frame Relay, Video, and optical carriers reaching OC3 – OC768.

Service to end users will be accomplished by means of connection from Enkido's network to the end user's premises where such connections exist or can be timely and economically constructed, and through the resale of local exchange and inter-exchange services. Enkido, Inc. will interconnect with other certificated carriers.

States in which Enkido has applied for authority to provide telecommunications services:

Arizona, California, Colorado, Connecticut, D.C., Delaware, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Michigan, New Jersey, Pennsylvania, Texas, Virginia.

To date, CLEC applications have been approved in New York, Ohio, and Washington.

#### Services applied for in states cited above:

Enkido, Inc. seeks to provide facilities based and resold local exchange services and inter-exchange services (intra-LATA and inter-LATA toll) to business customers throughout the United States. Facilities-based and resale authority is sought for the entire State of Arizona for inter-exchange services and for local exchange services.

Enkido, Inc. also seeks authority to resell Competitive Local Carriers' local exchange services and Inter-exchange Companies' inter-exchange services to business customers throughout the state. Enkido, Inc. intends to resell local access, exchange service and dedicated inter-exchange carrier services. Statewide resale authority will permit Enkido, Inc. to serve those customers in the state that it would be unable to serve by means of its own facilities-based operations.

#### **Petition for Competitive Classification**

Enkido fills a unique niche in the data communications market. Affordable endto-end broad bandwidth is crucial for the success of broad band applications, but does not yet exist. Enkido's unique architecture allows us to light fiber at one tenth the cost of traditional architectures and to operate our system at half the expense of existing telcos. Enkido will provide an economic model for service franchises along the information highway.

Enkido is offering applications ranging from OC-768 down to fractional T-1 (currently testing 1.5 Gbps HDTV-over-IP). Enkido purchases and leases dark fiber for both long haul and local loop solutions in order to meet the increasing demand for broad band services. We are the only OC-768 (40 Gbps) carrier in the world today.

Enkido is set to handle the ensuing requirements for data, multimedia, and voice transmission at the speed of light. 20,000 miles of fiber in Enkido's national fiber-optic backbone enables us to provide the necessary bandwidth to meet the growing demand of tomorrow's broad applications.

Competitors include AT&T, Qwest, Nextlink, Time Warner Telecom and Metromedia Fiber Network.. Enkido has no affiliates providing telecommunications services.

Enkido completes the information highway with unique pricing, security, and multi-modal access roads.